



Although Canada had always been a nation of prospectors, the Northwest Territories remained a relatively unknown land until the late 1920s. The bush pilots changed that.

C. H. (Punch) Dickens made aviation history in September 1928, becoming the first man to fly out over the Canadian barrens. A year later, Leigh Brintnell (at left in cover photo) flew north with Gilbert A. LaBine to check out a 1900 report of mineral occurrences at Echo Bay on the shore of Great Bear Lake about 1,400 miles northwest of Winnipeg and some 50 miles south of the Arctic Circle. It truly was, as some called it, "the middle of nowhere."

LaBine was driven by the need to find a new resource base for his company, Eldorado Gold Mines Limited. Eldorado's ore reserves in northern Manitoba were no longer economic and the Company faced the prospect of being wound up. LaBine flew into the Great Bear Lake area again in the Spring of 1930 and found "the mother lode of the radioactive world" — a large, highgrade deposit of pitchblende. The Port Radium mine came into production in 1931, the first concentrates being shipped by water to the end of the railway. On March 19, 1935, the "Eldorado Radium Silver Express" took off from the mine site, marking the first air shipment of concentrates. Brintnell was accompanied by fellow pilot Stan McMillan, now living in Edmonton. The cover shows the two men beside the Bellanca Cargo Aircruiser and their historic load.

It is hard to imagine the mystique attached to the word "radium". The only other source of this cancer-treating material was the Belgian Congo. A single gram was selling for \$70,000 (almost \$2 million per ounce). The extraction of radium was incredibly difficult. Production of one gram began with 500 tons of ore, one part radium to about 454 million parts of rock. The 500 tons of ore were reduced at the mine site to 10 tons of concentrates of about 60 percent uranium oxide. The U_3O_8 was shipped south to the Eldorado refinery (a converted seed-cleaning plant) at Port Hope, Ontario. The refining process required seven tons of chemicals for each ton of concentrates. Eldorado produced its first ounce of radium by 1936, driving the world price down to \$30,000 and subsequently \$20,000 per gram.

In 1977, Eldorado celebrated its 51st anniversary as a pioneer in the mining industry and in tapping the energy contained in uranium, first for medicine and subsequently for electricity. The historical photographs on these pages are courtesy of the Public Archives of Canada. The captions are reproduced as originally written and reflect the struggle and exuberance of Eldorado's early years.

Highlights

Financial (\$ in thousands)	1977	1976
Sales	\$68,623	\$47,708
Net earnings	6,933	3,073
Return on capital employed	4.2%	2.6%
Capital expenditures	20,063	16,201
Depreciation and amortization	6,040	5,813
Working capital	66,941	57,639
Long-term debt	96,414	59,272
Shareholder's equity	62,088	55,155
Production (in thousands)		
Uranium oxide (lbs. U_3O_8)	1,185	1,188
Uranium hexafluoride (lbs. U)	8,525	7,331
Uranium dioxide (lbs. U)	1,855	1,113
Employees at year end		
Total	1,288	1,105
Beaverlodge	586	523
Refinery	480	403
Payroll and benefits (\$ in thousands)	\$25,825	\$18,935

The Company

Eldorado Nuclear Limited is a commercially-oriented federal Crown corporation, primarily engaged in the mining and refining of uranium and related activities in the nuclear fuel cycle.

The Company's Beaverlodge operations, in northwestern Saskatchewan, produce uranium concentrates (U_3O_8) for markets in Canada and throughout the world. The refinery, located in Port Hope, Ontario, processes uranium concentrates to produce the ceramic uranium dioxide powder (UO_2) used in CANDU reactors, as well as uranium hexafluoride (UF_6) needed as feed material for enrichment plants and ultimate use in light-water power reactors. The Port Hope facilities also produce depleted uranium metal for

radiological shielding and other applications. The exploration division, research and development division and the Company's head office are located in Ottawa. Eldorado Aviation Limited, a subsidiary which services the mining and exploration divisions, is based in Edmonton.

The objective of Eldorado Nuclear Limited is to make a growing contribution toward satisfying Canadian energy requirements, while maximizing Canada's position in international markets for nuclear fuel.

Pour se procurer le rapport annuel d'Eldorado Nucléaire Limitée en version française, s'adresser par écrit au siège de la Compagnie: Suite 400, 255 rue Albert, Ottawa, Ontario, K1P 6A9.

Report to the Shareholder

The Honourable A. W. Gillespie,
P.C., M.P.
Minister of Energy,
Mines and Resources

Dear Mr. Gillespie:

On behalf of the Board of Directors, I hereby present the Annual Report of Eldorado Nuclear Limited and its subsidiary, Eldorado Aviation Limited, for the fiscal year ended 31 December 1977.

Consolidated net earnings were \$6,933,172, compared with restated net earnings of \$3,073,096 in 1976. This is the second highest profit achieved in Eldorado's history. The Company's total revenue in 1977 was \$68,622,704, a 44% increase from \$47,707,734 the previous year. Nonetheless, Eldorado's performance fell short of expectations, primarily because of Canada's embargo on uranium shipments to the Company's principal markets while new safeguards agreements were being negotiated, revised financing plans, the difficulty of keeping production costs in line with price escalation provided for in long-term sales contracts, and unrecoverable costs associated with environmental compliance.

For the first time in its 33 years as a Crown corporation, Eldorado raised capital in the private markets, placing \$40 million worth of six-year income debentures with three Canadian chartered banks in November 1977. The financing was required to partially fund the Company's expansion program.

The program anticipates capital expenditures of as much as \$500 million during the next 10 years to increase Eldorado's resource base and production capacity. While the expansion of the Beaverlodge mine is continuing, the Company is proposing a 10,000-ton uranium hexafluoride

(UF₆) refinery in Ontario. Eldorado's existing refinery at Port Hope will have insufficient capacity beyond 1980 to meet the Government of Canada's policy of further processing Canadian uranium.

The Company's cash flow during this 10-year period should be sufficient to fund the anticipated investment program and to repay any financings required, including the outstanding loans from Canada. Generation of the necessary cash flow and the Company's ability to borrow in private capital markets, as planned from time to time, will require continued high levels of performance in all divisions.

Safeguards

In 1977, Eldorado had commitments to deliver concentrates and/or refined uranium to some European nations and to Japan, countries which at that time had not entered into new safeguards arrangements satisfactory to Canada. These exports were suspended as a result of the embargo on some uranium shipments which Canada imposed to enforce its policy of furthering the peaceful use of nuclear materials and technology. The net effect on Eldorado was to defer anticipated revenues of approximately \$12 million and increase inventory financing costs.

The Company was able to adjust quickly and effectively to mitigate the financial problems posed by Canada's safeguards embargo. Short-term, higher-price contracts for concentrates and conversion services were obtained during the year, including a year-end sale of U₃O₈ for ultimate delivery to a foreign buyer of the CANDU reactor system.

Following Canada's successful negotiation of an interim safeguards agreement with the European Economic Community and a permanent agreement with Japan,

Eldorado was able to resume shipments early in 1978. A further step toward world-wide recognition of the need and desire for proper control of nuclear energy development was announced in January 1978 when 15 nuclear supplier-countries — including major East and West European countries, the Soviet Union, the United States, Japan and Canada — signed an agreement to upgrade international safeguards for nuclear material and technology.

Industry Regulation

An event of substantial importance in 1977 was the introduction in the House of Commons of the proposed Nuclear Control and Administration Act, establishing a new regulatory environment for the industry. One of the essential ingredients in any successful, regulated industry is that both the public and the industry have confidence in the regulatory process. The Atomic Energy Control Board has served Canada well in the 31 years since it was established. Given the growing public dependence on nuclear-generated electricity, it is appropriate that the Board's role be restated at this time.

Nuclear Development

Two wide-ranging inquiries concerning nuclear energy in Canada were conducted in 1977. The Cluff Lake Board of Inquiry into the future development of Saskatchewan's uranium resources is expected to report its findings early in 1978. It is hoped that Mr. Justice E. D. Bayda and his fellow commissioners will recommend to the Saskatchewan government that the uranium reserves and potential of the province be developed in an orderly and timely manner. Ontario's Royal Commission on Electric Power Planning, headed by Dr. Arthur Porter,

is to submit an interim report to the provincial government by June 30, 1978. The Commission has stated that this report "will give a clear indication of the direction of the Commission's thinking" on nuclear power. We trust that the Commission will endorse the continued development of nuclear energy, which now accounts for fully 25% of Ontario's electric power generation, one of the highest percentages among industrialized populations.

In this regard, we find it encouraging that in the December, 1977 nation-wide Gallup Poll 61% of those with an opinion said they would agree to or not oppose the construction of a nuclear power station in their area. This local-level attitude is consistent with responses given to similar questions in other major public opinion surveys in Canada and the United States. Moreover, the level of acceptance for nuclear generating stations in host communities is significantly and consistently higher than in non-nuclear communities. Their nuclear experience and the knowledge gained from it would appear to reinforce the pro-development attitudes of these communities rather than detract from them.

Uranium Pricing

In recent years, utilities have come to recognize the importance of obtaining long-term fuel commitments to ensure the uninterrupted planning and operation of their nuclear power plants and an optimum return on the billions of dollars invested to provide a secure supply of electricity at a reasonable price.

The rising price for uranium and its effect on consumers continues to be a subject of strong debate. Contrary to popular belief, price increases witnessed in

recent years have not necessarily accrued to the benefit of the mining companies. Residents of producing provinces have been substantial beneficiaries. Increased royalties, taxes, re-investment of earnings and the resulting employment are significant public profits too frequently ignored or minimized in discussions about uranium prices. In the final analysis, those who insist that the lights go on when required must ultimately be responsible for the total effort that goes into producing electricity.

The costs of capital replacement, environmental protection, health and safety, and labour have risen substantially during the past decade. This is equally true of the determination of governments to achieve a greater return on resource development. The price must be high enough to recover these costs and continue bringing on new supply, whether it be additional development of existing orebodies or the discovery of new reserves. The reserves for tomorrow must be found and developed out of the cash flow of today.

New productive capacity must be available to replace existing reserves and provide consumers with the assurance that inadequate supplies, coupled with erratic and substantial price increases, will not occur in the future. Fortunately, the uranium industry is beginning to achieve profit margins that are sufficient to maintain a growing supply of electricity for a growing demand, notwithstanding the increased consumer awareness of conservation.

Crown Corporations

Early in the year, Company officers appeared before the Public Accounts Committee of the House of Commons to respond to ques-

tions arising out of the Auditor General's report to Parliament for 1976, which found that, of 27 Crown corporations studied, Eldorado was the only one that "appears to be truly commercially oriented and financially viable."

In December, the Royal Commission on Financial Management & Accountability issued a progress report, which Eldorado found to be of particular interest. We agree with the Commission's statement regarding possible changes in the status of Crown corporations: "Standardization is a worthy objective, but if the principles upon which the classification is based are not thoroughly examined, Crown agencies may be crammed into inappropriate boxes, and lose the vitality their special status was expected to provide."

Exploration

Eldorado's future growth depends to a large degree on its ability to increase reserves and expand its resource base. Therefore, a high priority is being placed on the Company's aggressive exploration program.

In the last three years, Eldorado has assembled significant land positions in most important Canadian uranium districts. Emphasis is now being placed on the detailed exploration and evaluation of these holdings, including extensive programs of diamond and percussion drilling.

During 1977, net exploration expenditures by Eldorado were about \$4.5 million, with field activities ranging from the Yukon to Newfoundland, including seven provinces and both territories. By entering into joint ventures at an early stage, the exploration division participated during 1977 in programs with a total budget in excess of \$8 million. The majority

of these joint ventures are operated by Eldorado and participants include major Canadian and foreign mineral exploration companies, as well as foreign utilities (see list).

Exploration activities during 1977 continued to be concentrated along the edge of the Athabasca sandstone basin in both Alberta and Saskatchewan (see map). Recent discoveries have established the Athabasca basin as a major uranium mining district and approximately 50% of the division budget was focussed on this region. Diamond drilling programs were initiated for most of these projects and evaluation of results is continuing.

A second area of concentrated effort has been in northern Quebec (see map) where initial exploration has indicated geological conditions similar to those associated with Saskatchewan's Athabasca basin. Four separate joint venture projects covering 27,687 square kilometres were underway in this vast region during 1977 and a fifth was being negotiated. Exploration continued for a third year on a large area along La Grande River, the principal source of power for Quebec's massive James Bay hydroelectric project. An extensive drilling program is continuing on highly prospective targets. The other projects are still in preliminary stages of exploration.

Mine and Mill

Ore production at the Beaverlodge operations increased 30% to 255,622 tons, the highest tonnage since 1970 (see chart). This production was achieved by returning to sections of the mine which had been closed down during the depressed market conditions of the 1960s and early 1970s. The grade of ore mined declined as anticipated to 0.25% U_3O_8 . Although frustrated by shortages of skilled miners, overall produc-

tivity recovered to the highest level since 1972.

Production of concentrates or "yellowcake" (U_3O_8) at the mill totalled 1,184,961 pounds, approximating the 1976 level (see chart), despite an acute shortage of personnel. Some success was achieved in reducing the labour turnover rate by year-end and a further improvement is anticipated in 1978.

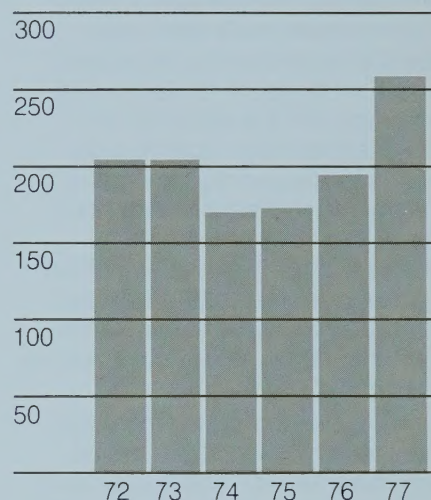
A major accomplishment in 1977 was in the area of mine development. Eldorado has expended considerable effort and capital in recent years to make up for the previously reduced levels of development activity dictated by former depressed market conditions. Underground diamond drilling during 1977 amounted to 111,000 feet, the most in 10 years.

Measured ore reserves rose by 20%, from 3.47 million tons at 0.21% average grade U_3O_8 to 4.19 million tons averaging 0.20%. The tonnage increase is almost double that of 1976. We are confident that Eldorado will be able to continue mining the Beaverlodge orebodies well into the 1990s.

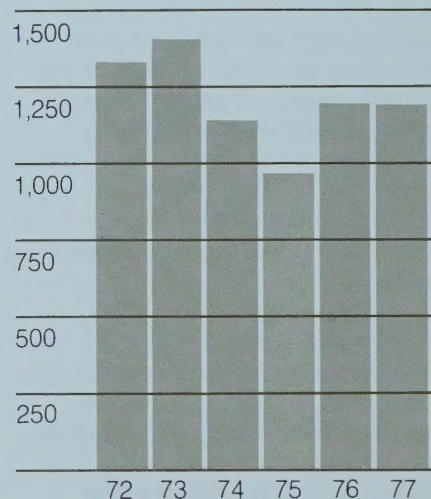
The Company generates its own electricity to supply the mine and mill, as well as Uranium City and district with a population of approximately 2,500. Power generation surpassed 1976 levels by more than 10%. A peak of 15.1 MW was recorded during December.

Eldorado is embarking upon a substantial expansion of its electricity generating capacity to facilitate increased mine production and to meet the growing needs of Uranium City. Extensive studies and field assignments were completed in 1977 and some contracts awarded for the proposed \$25 million Charlot River hydro facility, near the two existing hydro stations.

Ore Mined
(Thousands of tons)



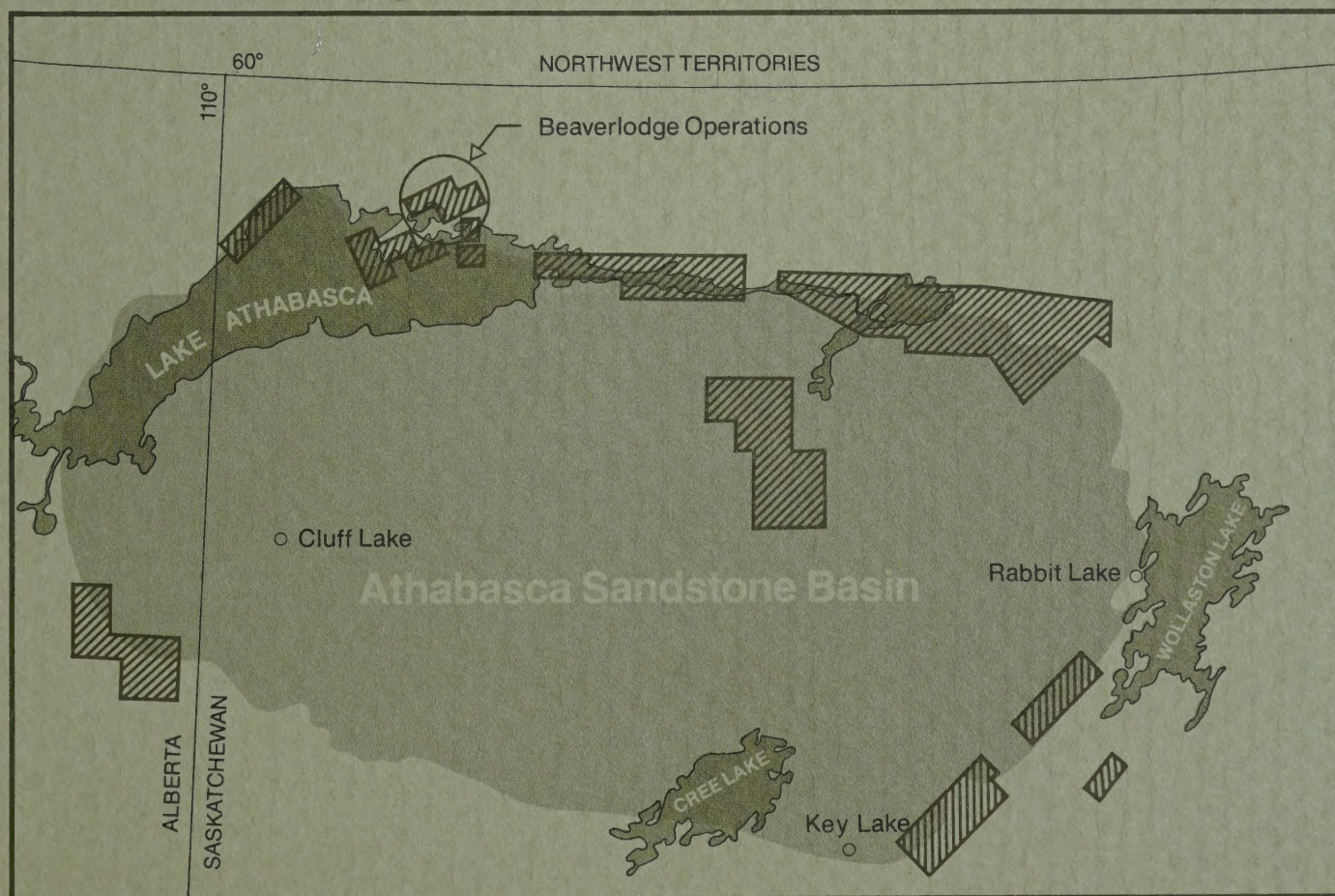
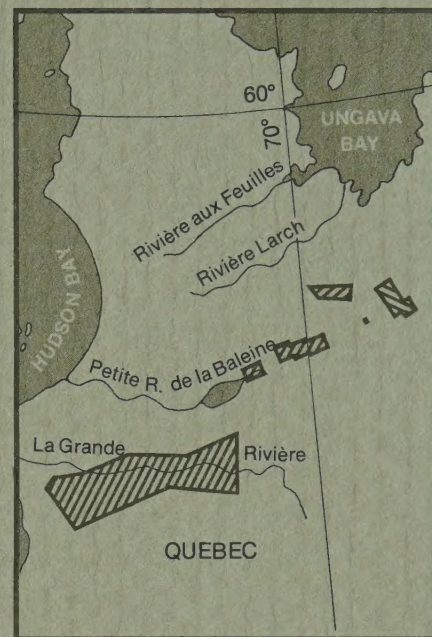
U_3O_8 Production
(Thousands of pounds)



Areas of Exploration and Joint Venture Partners

Amok Limitée (France)
 Aquarius Mines Limited
 Aquitaine Company of Canada Limited
 Canadian Occidental Petroleum Ltd.
 Central Electricity Generating
 Board (U.K.)
 Chevron Standard Canada Limited
 Conwest Exploration Company Limited
 Electrowatt Limited (Switzerland)
 Empresa Nacional del Uranio,
 S.A. (Spain)
 Falconbridge Nickel Mines Limited
 Famok Limited (France)
 Goldak Exploration Technology
 Limited

Highest Developments Limited
 Imperial Oil Limited
 Manitoba Mineral Resource Limited
 Placer Development Ltd.
 Power Reactor and Nuclear Fuel
 Development Corporation (Japan)
 Radiometric Surveys Limited
 Saskatchewan Mining Development
 Corporation
 Seru Nucléaire Limitée (France)
 Shell Canada Resources Limited
 Sherritt Gordon Mines Ltd.
 Société de développement
 de la Baie James
 Taurus Oil Limited





Transportation

Economic and reliable transportation is essential to the Beaverlodge operations. The main link is provided by the Company's wholly-owned subsidiary, Eldorado Aviation Limited, which also services northern activities of the exploration division and the barge transportation system operated along the Mackenzie River by Northern Transportation Company Limited. Based in Edmonton, Eldorado Aviation operates DC-3 and DC-4 aircraft and S-55 Sikorsky and Bell G-2 helicopters. During 1977, freight volume rose 23% to 5,643 tons, while the number of passengers increased 17% to 14,873. Flight hours were up 7%, miles 15% and ton-miles 24%.

In addition to the air support, the Beaverlodge operations are serviced between May and October by Northern Transportation. Dry freight and fuel oil transported by barge rose 40% to 21,648 tons. Another transportation link is the winter road connecting Uranium City with the highway system in Saskatchewan. The road played a significant role in 1977, helping the Company achieve an early spring start-up of capital projects at Beaverlodge, and is expected to increase in importance in the future.

Refinery Operations

Total revenues from conversion services at the Port Hope refinery declined somewhat in 1977, a consequence of the embargo on UF_6 shipments to some EEC member-countries and Japan. The substantial decline in UF_6 deliveries was partly offset by revenues from increased sales volume of ceramic uranium dioxide (UO_2) and specialty products.

Notwithstanding the embargo, the Company increased produc-

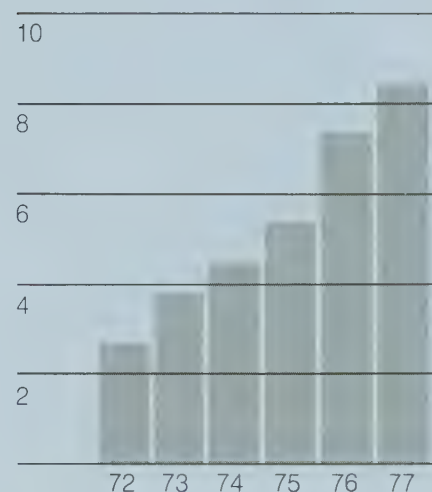
tion of UF_6 by 16% to 8.5 million pounds (see chart). Those contracted volumes destined for embargoed EEC countries and Japan were added to inventory in anticipation that satisfactory safeguards agreements would be concluded. The Company will be able to fulfill these 1977 delivery obligations in 1978, which should result in a substantial improvement in revenues from the full range of conversion services during the current year. Optimization of UF_6 capacity at Port Hope is continuing.

Eldorado is the sole supplier of ceramic UO_2 powder for the CANDU nuclear generating stations in Canada. Production of UO_2 rose 63% in 1977 to 1.8 million pounds (see chart). Most of the increase was a result of Ontario Hydro's fuel requirements for the Bruce generating station, which came on stream in 1977, and better than anticipated output at the Pickering station.

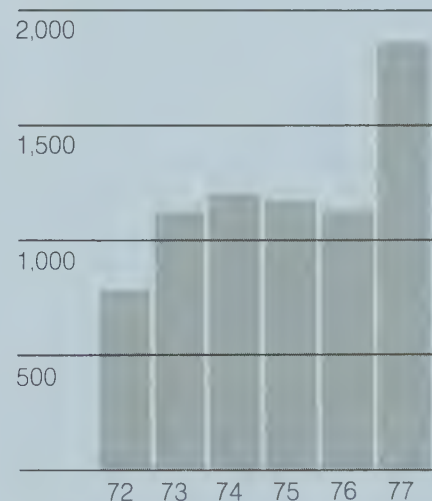
This achievement was not without some problems, however. In order to comply with some concerns of the Atomic Energy Control Board, Eldorado introduced early in 1977 a new ceramic UO_2 production process, which had been in the development stage. Fuel fabricators experienced some difficulties in processing some of the UO_2 produced in this manner. Consequently, Eldorado has temporarily reverted to the former production process. The initial results of the new process were promising, nonetheless, and the research and development division in collaboration with operating personnel will continue development work on the process to realize its significant potential.

Sales of specialty products and services increased considerably during the year, notably in castings of depleted uranium, and were accompanied by improvements in profit margins.

UF_6 Production
(Millions of pounds U)



UO_2 Production
(Thousands of pounds U)



Historical photo:

"Champion dog musher of the Northwestern Arctic, Maurice Evans of White Eagle, winner of the annual classic across the ice of Great Bear from Eldorado to Cameron Bay and return. The trophy is a silvered oil drum with gaspipe handles. A suggestion that the third prize annually should be a bottle of fine imported scotch was discarded to prevent competition centering on the third position."

Public Archives of Canada

Further improvements were made at the Company's existing licenced waste disposal site at Port Granby. Remedial work included contouring and revegetation to reduce water infiltration of the burial trenches. Installation of a water treatment system was completed in August.

Research and Development

Most of the activities of the research and development division relate to three major programs: uranium extraction, uranium refining and environmental protection associated with production operations.

The division's input into the Beaverlodge milling operations was increased substantially as part of the program investigating the extraction of uranium from ores. Work focussed on the mineral constituents of the ore and their effect on the uranium extraction process. A second project examined the effect of carbon dioxide absorption or "carbonation", an important parameter in the alkaline carbonate leach process employed at Beaverlodge. This resulted in a decision to proceed with installation of a unique and more economic system than the one currently used.

Basic research continued into the physical and chemical properties of ceramic UO_2 powder used for fuel in CANDU reactors. In addition, considerable technical support was provided to UO_2 plant operations at the Port Hope refinery. These activities in the ceramic UO_2 field were accelerated during 1977 and will continue at a high level in 1978. Other refining research programs investigated methods for the reduction of UO_3 to UO_2 and the preparation of UF_4 in the UF_6 manufacturing process.

A major, detailed assessment of alternate UF_6 production methods for the proposed refinery

was undertaken by the division, in conjunction with operating and environmental personnel. The assessment confirmed that the process proposed for the new refinery offers significant advantages, including a considerable degree of operating flexibility.

In the environmental programs, studies were initiated to determine the radium distribution in the uranium milling process. This included the necessary development of analytical techniques for determining low concentration of ^{226}Ra and other radionuclides. Another feature of the environmental program was the tailings revegetation project at Beaverlodge. Environmental research programs will receive even greater emphasis in the future.

Health and Safety

The health and safety of its employees and the residents of communities in which it operates are of vital concern to Eldorado. The Company is responsible to the Atomic Energy Control Board and provincial authorities for ensuring that all health and safety regulations are met. With the advent of more sophisticated monitoring techniques, equipment and knowledge, the Company is making increasing efforts to detect unsatisfactory conditions and to further protect its employees. Considerable improvements have been achieved in the last decade and new methods and equipment will continue to be introduced. Consultation with employees is an important part of this program.

One of the most persistent and difficult problems is the relationship between smoking and radiation exposure from radon daughters, especially in underground mines. Extensive research, some of it funded by Eldorado, has shown that the probability of contracting lung cancer among

underground miners who smoke is dramatically higher than among non-smoking miners, and that the incidence of lung cancer among non-smoking miners does not appear to be any greater than that among non-smoking members of the general public.

During 1977, the Company initiated an anti-smoking campaign in the Beaverlodge area and at the Port Hope refinery to increase employee awareness of the synergistic, cancer-causing relationship between exposure to radon daughters and smoking. The Canadian Council on Smoking and Health found the Eldorado program to be "most laudable." The Company plans to continue these efforts at both the mine and the refinery.

Personnel

In contrast with other segments in the economy and the mining industry in particular, Eldorado's work force increased approximately 16% during the year to 1,288, the largest additions being at Beaverlodge and Port Hope (see chart). Despite the increased complement in the mining group, the Company continues to face a shortage of skilled underground miners. At year-end, Eldorado was focussing its recruiting efforts on those Canadian mining communities which have witnessed substantial layoffs because of depressed world markets for other metals. Recruitment will be accelerated during 1978.

The native training and employment program at Beaverlodge continued to show moderate success. Twenty graduates of the Basic Job Readiness Training program sponsored by the Department of Northern Saskatchewan joined the Company at different intervals during 1977.

By year-end, supervisory/

management training programs had been completed at Beaverlodge and Port Hope as part of a continuing effort to improve managerial effectiveness throughout Eldorado.

Contracts with all four bargaining units, three of them locals of the United Steelworkers of America, will expire in the first half of 1978. Approximately 850 employees are covered by the current agreements. New contracts for the three USW bargaining units will be subject to the Anti-Inflation Board guidelines.

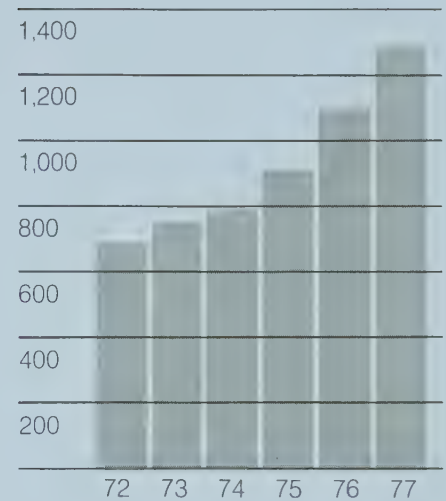
Pension Plan

The actuarial valuation of the Eldorado Pension Plan (1959) as of December 31, 1976 revealed a deficiency of \$5 million with respect to member-employees of Eldorado Nuclear Limited and its wholly-owned subsidiary, Eldorado Aviation Limited. The deficiency resulted primarily from the combined effect of higher than estimated increases in actuarial liabilities and the depressed value of marketable securities. As required under the Trust Deed and the Pension Benefits Standards Act, the deficiency is being funded by special contributions from the companies.

The pension plan was established in 1959 to supersede the Company's original insured pension plan. The current plan is a contributory, trustee pension plan that provides benefits based on length of service and final average eligible earnings for retired, regular full-time employees and for eligible dependents of deceased employees. Responsibility for the administration of the plan and its assets, which are held in a trust fund, is vested in a board of trustees that includes the Company's senior officers.

During 1977, employees of

Number of Employees
(at year end)



Eldorado Nuclear and Eldorado Aviation contributed \$1,110,287 to the pension plan and the companies \$1,815,313. Assets of the trust fund at year-end 1977 allocated for the benefit of member-employees of the two companies totalled \$23,000,959. Of the total fund, 52.5% was held in pooled trust fund fixed income securities and 47.5% in pooled trust fund equity investments.

Interim Reports

A six-month statement of financial and operating results was published in 1977 for the first time. Beginning in 1978, Eldorado plans to publish an interim report for each quarter, including unaudited financial statements.

Eldorado sells uranium mine concentrates (U_3O_8) under long-term contracts, which specify the annual quantities for which title is to pass and payment is to be received. (In 1977, long-term concentrates contracts stating firm quantities and prices represented almost one-half of total corporate revenue.) Under each U_3O_8 contract, a specific date was selected for the legal transfer of title and invoicing. The dates are almost all in the fourth quarter (see chart). This bunching has no commercial significance but it does distort interim reports. If revenue were reported only on the date that title passes and/or delivery is effected, Eldorado would show severely reduced earnings, if any, in some quarters and unrealistically profitable results in others.

Recognizing this problem, management uses an accounting procedure for *internal* reports which amortizes some U_3O_8 revenue over the year. At the beginning of each year, the Company determines the value of unconditionally committed U_3O_8 deliveries during the fiscal year under long-term contracts. These revenues are

then amortized over the fiscal year on the basis of 8% per month.

Regarding the forthcoming *public* release of quarterly interim reports, management has considered various methods of accounting for profits on an interim basis, including recording revenue on a production basis as is done in many resource industries. However, these methods do not meet the Company's particular requirements.

Future public quarterly reports will employ the accounting procedures currently used for internal purposes. In order to avoid any misunderstandings, the amount of revenue thus accrued will be disclosed in each interim report. These accounting procedures will only apply to revenues under long-term U_3O_8 contracts.

Financial Review

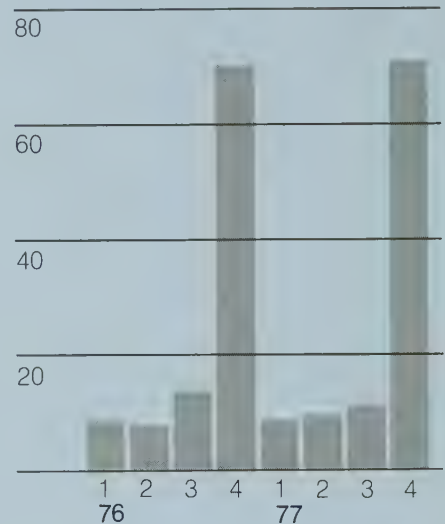
Income & Earnings

Net earnings at \$6,933,172 were up significantly from 1976, although still lower than the \$10 million forecast in last year's annual report. The embargo on shipments to Japan and the European Economic Community, which was still in force at year-end, severely curtailed UF_6 shipments and consequently reduced profits. This was partly compensated for, however, by strong advances in all other areas. Return on capital employed improved to 4.2% from 2.6% in 1976.

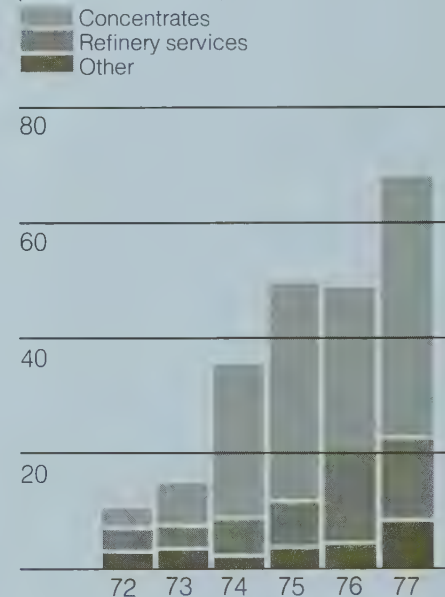
Sales of products and services in 1977 totalled \$68,622,704, a 44% advance from 1976. This substantial improvement resulted primarily from higher mine concentrates sales revenue under previously contracted, long-term agreements and from a one-time sale of U_3O_8 at prevailing world market prices (see chart).

Fees from the loan of mine concentrates to a Canadian pro-

Quarterly Revenues
(% of annual total)



Revenue
(Millions of dollars)



Historical photo:

"Sir Frederick Banting of Toronto, discoverer of insulin, at the Eldorado refinery, Port Hope, Ontario, on the occasion of the production of a total of one ounce of radium, November 1936."

Public Archives of Canada





ducer provided substantial income during 1977. At year-end, the producer exercised an option under the agreement, raising the total loan commitment to two million pounds. This higher volume will result in a further increase in loan fees during 1978.

Administrative overhead, including marketing expenses, rose substantially. Expenses on exploration showed a more gradual increase from the levels established in previous years. There was a substantial increase in research and development expenses, resulting from a detailed assessment of production processes for the proposed UF₆ refinery.

Gross profit for 1977 was \$23,681,106 or 34.5% of sales, compared with 25.4% recorded in 1976. As a result of the U₃O₈ spot sale, profit margins from mine concentrates increased in 1977 in spite of a substantial increase in operating expenses. UF₆ conversion was adversely affected by the embargo and higher unit production costs. An improvement in UO₂ gross profit was primarily the result of sharply higher volumes. The improvement was offset, however, by higher unit production costs associated with development of the new production process and environmental constraints. Specialty Products and Services showed a good improvement over 1976 gross profit.

Income Taxes and Royalties

No income taxes were payable in 1977, in large part due to timing differences between the deductibility of expenses for accounting and tax purposes, as well as loss carry-forwards.

Some \$3,779,434 was payable to the Province of Saskatchewan as mineral royalties. Most of these payments were based on the royalty regime in force since the

opening of the Beaverlodge mine. However, some deliveries of mine concentrates during 1977 became subject to the new provincial uranium royalties regime instituted as of July 31, 1976. Under the new regime, there is a royalty base rate of 3% of sales, plus graduated royalties related to defined rates of return on assets.

Financial Position

Working capital increased by \$9.3 million to \$66,941,352, largely because of the income debenture financing done late in the year. One of the Company's two mine concentrates loans was repaid in full in 1977, thereby shifting the current \$8.5 million portion of the mine concentrates on loan back into available inventory. Repayments on the second loan are not expected to commence for several years.

Capital Expenditures

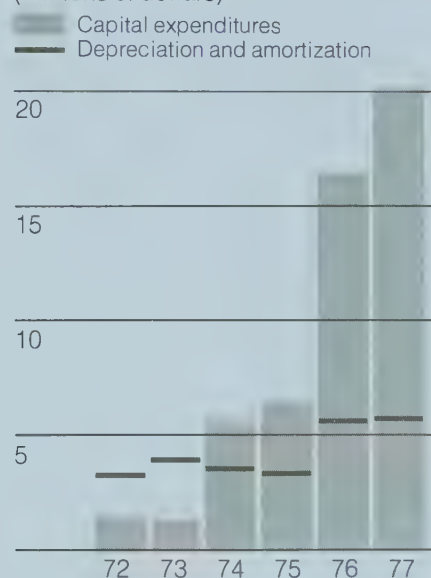
As a result of the aggressive expansion program now underway, \$20,063,130 was expended in 1977 versus \$16,201,150 in 1976.

Of this amount, \$11,015,228 was used at the Beaverlodge mine to continue the rehabilitation of the operation to achieve the production levels attained in the 1960s. A housing program, aimed at providing adequate accommodation for the expanding workforce, accounted for most of the Beaverlodge expenditures.

At the Port Hope refinery, some \$6,464,348 was spent, primarily to optimize the productive capacity of the UF₆ circuit and to further reduce the environmental impact of the overall operation. The balance was used to continue design engineering and complete environmental assessments of the proposed UF₆ refinery at Port Granby and for various other projects within the Company.

Capital Expenditures

(Millions of dollars)



Historical photo:

"On July 28, 1931, this small group, chiefly hard-rock miners from Ontario who had been working with hand steel and in bull gangs to get the silver-radium camp started, watched this tiny craft set out from Labine Point on the rim of the Arctic across the largest lake lying wholly within the British Empire, Great Bear, carrying eight tons of precious ore, the first radium-concentrate shipment from the new discovery. The end of steel (the railroad) was 1,500 miles South along a twisting waterway."

Public Archives of Canada

Financing

Due to the substantial outlays required for the capital program, as well as the cyclical nature of cash receipts from mine concentrates sales, line-of-credit financing was again necessary in 1977. With the majority of mine concentrates deliveries occurring late in the year, temporary working capital loans are required in the fall of each year. Short-term borrowings in 1977, employing lines of operating credit with two chartered banks, reached a peak in early November.

On November 14, 1977, Eldorado issued \$40 million in income debentures to three Canadian chartered banks as the first segment of a financing plan to cover the capital needs of the Company over the next decade. This plan contemplates the continued use of commercial sources of financing based upon the Company's strong earnings potential and sound financial position.

The loans to Canada increased slightly in 1977 as interest was accrued under the terms of the Company's financing arrangements with the federal government. Under this agreement, payments of principal and interest will begin in 1978 on a fixed schedule, with full repayment of the loans to be completed by December 31, 1984.

As a result of the additional financing done in 1977, the debt to capital employed ratio increased to .59 from .50 in 1976. In spite of the improved earnings record, a further ratio increase could be experienced in the coming year, reflecting the large financing requirements foreseen.

Although the Company's financial position is highly leveraged, the security provided by the measured ore reserves at Beaverlodge and firm contract commitments for mine concentrates, coupled with the projected cash

flow from the sale of conversion services, are more than adequate to support the indebtedness.

Equity

The capital stock of the Company remained unchanged for the year, with 70,500 no par value shares outstanding, at a book value of some \$6.5 million. No dividends were paid. Retained earnings increased 14% to \$55,501,696, resulting in a total shareholder's equity of \$62,087,776 as of December 31, 1977.

To conclude, the past year once again tested the capacity and resourcefulness of Eldorado. The Company was able to respond constructively to many of the difficulties encountered. Our employees continue to be one of Eldorado's most important assets. Once again, we would like to take this opportunity to express our appreciation to all those who have contributed to the Company's success.



A stylized, handwritten signature of Nicholas M. Ediger. The signature is written in dark ink and features a large, sweeping initial 'N' followed by the name 'Ediger' in a cursive script.

Nicholas M. Ediger,
Chief Executive Officer.

Direction and Management

Eldorado Nuclear Limited is incorporated under the Canada Corporations Act and listed as a proprietary corporation in Schedule D of the Financial Administration Act. Its shares are held by the Minister of Energy, Mines and Resources in trust for Her Majesty in Right of Canada. The board of directors derives its authority from the shareholder. Directors are

elected annually.

Seven of the nine members of the board are outsiders, representing a broad spectrum of business and public policy experience in Canada and elsewhere. In addition to their overall responsibilities as members of the board, each outside director serves on at least one of the board's committees.

Board of Directors

C. G. Baschenis
Executive Vice-President
Eldorado Nuclear Limited

Also director of:
Eldorado Aviation Limited

Marcel Bélanger, C.A., Q.C.
Partner
Bélanger, Dallaire,
Gagnon & Associés
Quebec City

Also director of:
Abitibi Paper Company Ltd.
Bell Canada
Celanese Canada Limited
Falconbridge Copper Limited
La Fondation J. Armand Bombardier
The Great-West Life
Assurance Company
Le Group Commerce Assurance
Hudson's Bay Company
John Labatt Limited
Place Bonaventure Inc.
Pratt & Whitney Aircraft of
Canada Limited
The Price Company Ltd.
Provigo Inc.
The Provincial Bank of Canada

W. J. Bennett
Consultant
The Iron Ore Co. of Canada Ltd.
Montreal, Quebec

Also director of:
The C. D. Howe Research Institute
Canadian Pacific Limited
Canadian Reynolds Metals
Company Limited
Canron Limited
Cominco Ltd.

The Investors Group
Peterson, Howell & Heather
(Canada) Limited
Phillips Canada Ltd.

Dr. Roger A. Blais
Dean of Research
Ecole Polytechnique
Montreal, Québec

Also director of:
International Development
Research Centre
Mineral Exploration Research Institute

L. C. Bonnycastle, B.A., F.S.A.
Vice-Chairman
Canadian Corporate Management
Company Limited

Also director of:
Alcohol and Drug Addiction
Research Foundation
Canadian Corporate Management
Company Limited
and a number of its subsidiaries
Harlequin Enterprises Limited

N. M. Ediger
President & Chief Executive Officer
Eldorado Nuclear Limited

Also director of:
Canadian Nuclear Association
Eldorado Aviation Limited
Mining Association of Canada

J. Gerald Godsoe, Jr.
Partner
Stewart, MacKeen & Covert
Halifax, N.S.

Also director of:
C. E. Choat & Co. Limited

Maurice A. A. C. Swertz, Sr.
President
Swertz Bros. Construction Ltd.,
Weyburn, Sask.

Also director of:
Frontier Homes Ltd.
Global Homes Ltd.
Lumberjack Enterprises Ltd.
Weyburn Industries Ltd.

N. G. Van Nest
President and Chief Executive Officer
Triarch Corporation Limited
Toronto, Ontario

Also director of:
Canadian Venture Capital

Corporation (1974) Limited
Elliott & Page Limited
First Toronto Corporation Limited
Jonlab Investments Limited
National Business Systems Inc.
Toromont Industries Ltd.
Triarch Debt Capital Limited
Triarch Management Corporation
Triarch Resource Capital
Corporation Limited
Triarch Securities Corporation Limited
Triarch Trading Corporation Limited
Trior Investments Limited

Board Committees

Audit Committee

M. Bélanger, Chairman
L. C. Bonnycastle
J. G. Godsoe, Jr.

Finance Committee

N. G. Van Nest, Chairman
W. J. Bennett
N. M. Ediger

Executive Development and Compensation Committee

W. J. Bennett, Chairman
R. A. Blais
L. C. Bonnycastle
M. A. A. C. Swertz

Officers

Nicholas M. Ediger
President and Chief Executive Officer

Clement G. Baschenis
Executive Vice-President

M. J. Moreau
Vice-President

Thomas J. Gorman
Vice-President, Finance

Ronald G. Dakers
Vice-President

George Boyce
Vice-President

David J. Elgee
Secretary-Solicitor

Gordon A. Frost
Treasurer

Gordon R. Burton
Assistant Secretary

Head Office

Suite 400
255 Albert Street
Ottawa, Canada
K1P 6A9

Historical photo: (opposite)

“Radium City on the rim of the Arctic in Canada’s Northwest Territories. From this sub-arctic community boats transport to the end of steel (the railroad) a large percentage of the world’s new radium, as well as tons of uranium, thousands of ounces of silver and copper for ballast. In the foreground are the older buildings of logs. At left, the bunkhouse with steam heat, electric lights, hot and cold running water. In the background is the mill and power plant with storage tanks for fuel oil from the Arctic wells at Fort Norman. The radium industry is diesel-driven.”

Public Archives of Canada

Historical photo: (over page)

“Radium miners at Eldorado are usually young, voracious readers. Photography is one of their chief hobbies and most of them play the market by radio with brokers in Edmonton. Camp etiquette involves shaving daily, putting on a tie when cleaning up after work. In the bunkhouse the hot running water is considered an amazing spectacle by the occasional native visitor. In the center is a typical Eldorado worker, Bud Hartman, who has been three years on the property.”

Public Archives of Canada





Consolidated Financial Statements of Eldorado Nuclear Limited for the year ended December 31, 1977

The Honourable
Alastair W. Gillespie, P.C., M.P.,
Minister of Energy, Mines
and Resources,
Ottawa, Ontario.

I have examined the statement of consolidated financial position of Eldorado Nuclear Limited as at December 31, 1977 and the statements of consolidated earnings, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these consolidated financial statements give a true and fair view of the financial position of the corporation as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the basis of establishing the deferred liability, with which I concur, as explained in Note 4 to the financial statements, on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books and accounts have been kept by the corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

J. J. Macdonell
Auditor General of Canada

Ottawa, Ontario
February 20, 1978

Eldorado Nuclear Limited

Statement of Accounting Policies

The Company's accounting policies are in accordance with generally accepted accounting principles and have been applied on a basis consistent with that of the preceding year. The following policies are considered to be significant.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Eldorado Aviation Limited.

Inventories

Inventories of mine concentrates are initially measured and accounted for in the financial statements when the material is sealed in containers upon completion of the milling process.

Inventories of mine concentrates and refined products are valued at the lower of cost or net realizable value.

Cost for mine concentrates and for refined products is determined on a weighted average basis.

Supplies

Operating and general supplies are carried at cost.

Property and Equipment

Assets are carried at cost. Costs of additions, betterments, and renewals are capitalized. When assets are retired or sold, the resulting gains or losses are reflected in current earnings.

Maintenance and repair expenditures are charged to cost of production.

Depreciation

The principal depreciation method used is the straight line method based on ten years' estimated life.

Mine Development and Preproduction Costs

Mine development costs incurred in shaft sinking programs and refinery preproduction costs are deferred until commencement of production. These costs are then amortized based on production over not more than ten years. Other mine development costs are charged to production as incurred.

Research and Development and Exploration Costs

Expenditures for applied research and development relative to the products and processes of the Company and expenditures for geological exploration programs are charged against earnings as incurred.

Pension Plan

The Company has a contributory, defined benefit, trustee pension plan covering all of its regular full-time employees. Assets in the pension fund are valued by a moving average market value method, while liabilities are costed by the projected benefits entry age normal method.

Pension costs are amortized and funded at rates confirmed by the consulting actuary pursuant to periodic actuarial revaluations. All actuarially-determined deficiencies are amortized and funded over periods that adequately reflect their specific nature, up to a maximum of fifteen years.

Sales of Products and Services

In accordance with normal industry practices, the Company contracts for future delivery of mine concentrates and refinery conversion services. Sales revenue is recorded in the fiscal year that title passes and/or delivery is effected.

Eldorado Nuclear Limited
Statement of Consolidated Earnings and Retained Earnings

For the year ended December 31st	1977	1976
Revenue		
Sales of products and services	\$68,622,704	\$47,707,734
Expenses		
Cost of products and services sold	44,941,598	35,582,627
Exploration	4,457,292	4,175,081
Research and development	2,131,954	1,282,285
Administration	6,156,067	2,526,508
Other (income and) expense (Note 2)	4,002,621	1,068,137
Total Expenses	61,689,532	44,634,638
Earnings before income taxes and extraordinary items	6,933,172	3,073,096
Income taxes	1,015,000	—
Earnings before extraordinary items	5,918,172	3,073,096
Reduction of income taxes due to loss carry forwards (Note 3)	1,015,000	—
Net earnings	6,933,172	3,073,096
Retained earnings at beginning of year		
As previously reported	49,540,588	45,495,428
Prior year's adjustment (Note 4)	972,064	—
As restated	48,568,524	45,495,428
Retained earnings at end of year	\$55,501,696	\$48,568,524

Eldorado Nuclear Limited (Incorporated under the Canada Corporations Act)
Statement of Consolidated Financial Position

As at December 31st	1977	1976
Current assets		
Cash & short-term investments at cost	\$41,994,117	\$19,453,490
Accounts receivable	6,652,737	7,875,167
Mine concentrates on loan (Note 5)	—	8,517,867
Inventories	29,909,363	22,207,606
Supplies	7,413,905	5,815,698
Prepaid expenses	484,852	373,987
	86,454,974	64,243,815
Current liabilities		
Accounts payable	12,649,226	6,449,408
Long-term debt due within one year	6,723,668	—
Other liabilities	140,728	155,037
	19,513,622	6,604,445
Working Capital	\$66,941,352	\$57,639,370
Non-current assets		
Mine concentrates on loan (Note 5)	25,598,256	16,324,000
Property and equipment, net (Note 6)	54,939,907	41,112,631
Deferred charges (Note 7)	3,499,418	3,374,015
Accounts receivable (Note 8)	11,068,151	—
Other assets	2,214,725	558,637
	97,320,457	61,369,283
Capital employed	\$164,261,809	\$119,008,653
Represented by:		
Long-term debt (Note 9)	96,414,439	59,271,726
Other liabilities	5,759,594	4,582,323
	102,174,033	63,854,049
Shareholder's equity		
Share capital (Note 10)	6,586,080	6,586,080
Retained earnings	55,501,696	48,568,524
	62,087,776	55,154,604
	\$164,261,809	\$119,008,653

Approved on behalf of the Board of Directors

Marcel Bélanger *[Signature]*

Eldorado Nuclear Limited
Statement of Changes in Consolidated Financial Position

For the year ended December 31st	1977	1976
Source of Working Capital		
From Operations:		
Earnings before extraordinary items	\$ 5,918,172	\$ 3,073,096
Add charges to earnings which did not require working capital:		
Depreciation	5,869,591	5,725,494
Amortization	170,502	87,976
Other	25,438	24,084
	11,983,703	8,910,650
Proceeds from Income Debentures	40,000,000	—
Deferred interest on loans (Note 9)	3,866,381	3,631,498
Increase in other liabilities	1,151,833	780,232
Reduction of income taxes due to loss carry forwards	1,015,000	—
	\$58,016,917	\$13,322,380
Use of Working Capital		
Increase in long-term loans of mine concentrates	9,274,256	8,725,761
Additions to property and equipment	19,696,867	16,174,885
Accounts receivable (Note 8)	11,068,151	—
Long-term debt due within one year	6,723,668	—
Increase in deferred charges	295,905	—
Increase in other assets	1,656,088	195,285
	\$48,714,935	\$25,095,931
Increase (Decrease) in working capital	9,301,982	(11,773,551)
Working capital at beginning of year	57,639,370	69,412,921
Working capital at end of year	\$66,941,352	\$57,639,370

Eldorado Nuclear Limited
Notes to Consolidated Financial Statements
for the year ended December 31, 1977

1. Accounting Policies

A statement of significant accounting policies of the Company is provided on page 22.

2. Other Income and Expense

	1977	1976
Expenses—		
Interest on long term debt	\$4,104,408	\$3,631,498
Loss on disposal of fixed assets	347,775	—
Zirconium asset writedown	653,351	—
Miscellaneous	204,834	34,120
Income—		
Interest and other non-operating items	(1,307,747)	(1,623,733)
Government of Canada grants for exploration	—	(973,748)
	\$4,002,621	\$1,068,137

3. Income Taxes

Income taxes for the year were offset as a result of losses carried forward. The accounts of the Company do not reflect the potential benefit of remaining loss carry-forwards and expenses recorded in the accounts in excess of deductions claimed for income tax purposes. At December 31, 1977 the Company has a loss carry-forward for tax purposes of \$5,083,000 which expires in 1978 and had recorded expenses of \$6,706,000 in excess of amounts claimed for tax purposes. These amounts may be used to reduce taxable income of future years.

4. Prior Year's Adjustment

The basis of establishing the deferred liability, as set up in the accounts at December 31, 1977, providing for committed future processing activities, has been changed from that of the previous year. As a result of the retroactive application of this adjustment, the 1976 financial statements have been restated by reducing the retained earnings at December 31, 1976 and the net earnings for that year by \$972,064 and increasing other liabilities as shown on the consolidated statement of financial position at December 31, 1976 by a similar amount.

5. Mine Concentrates on Loan

Mine concentrates on loan are recorded at inventory cost, which is lower than net realizable value. These costs are classified as either current or non-current assets, according to estimated or scheduled repayments.

Income from the mine concentrates on loan is included in current earnings.

6. Property and Equipment

	1977	1976
Land	\$ 3,672,531	\$ 3,306,650
Buildings	39,464,388	33,542,502
Equipment	78,297,053	66,858,055
Construction in progress	3,643,770	1,824,520
	\$125,077,742	\$105,531,727
Less accumulated depreciation	\$ 70,137,835	\$ 64,419,096
	\$ 54,939,907	\$ 41,112,631
Depreciation for year	\$ 5,869,591	\$ 5,725,494

7. Deferred Charges

	1977	1976
Mine development — shaft sinking	\$ 3,010,312	\$ 2,714,407
Refinery preproduction	489,106	659,608
	\$ 3,499,418	\$ 3,374,015
Amortization for year	\$ 170,502	\$ 87,976

8. Accounts receivable

The Company agreed to extend financing arrangements for the payments due under one sales contract. The terms provide for payment over a 30 month period with financing charges related to the movement of the Consumer Price Index.

9. Long Term Debt

a) Income Debentures

On November 14, 1977, the Company issued Income Debentures to three Canadian chartered banks in the amount of \$40 million due on December 31, 1983 and bearing interest at approximately one-half of the banks' prime lending rate. The Income Debentures are not secured by any charge against the assets of the Company and certain prepayment and exchange privileges are available.

No deduction is allowed under the Income Tax Act for interest expense related to the Income Debentures.

b) Loans From Canada

	1977	1976
8 $\frac{3}{8}$ % notes due 1978-80	\$10,397,321	\$10,397,321
7 $\frac{1}{16}$ % note due 1978	1,064,433	1,064,433
7% note due 1979	7,129,592	7,129,592
5 $\frac{7}{16}$ % notes due 1980	11,547,739	11,547,739
4 $\frac{3}{16}$ % notes due 1981	7,761,755	7,761,755
6 $\frac{1}{2}$ % notes due 1982	10,062,226	10,062,226
5 $\frac{7}{8}$ % notes due 1983	5,081,606	5,081,606
6 $\frac{3}{8}$ % notes due 1984	10,093,435	6,227,054
Sub-Total	63,138,107	59,271,726
less: Current portion of long-term debt listed above	6,723,668	—
Total	\$56,414,439	\$59,271,726

Prepayment of the notes may be made in specified groups without premium or penalty. Interest during 1977 on the loans was deferred until December 31, 1984. All deferred interest payments are supported by notes carrying a 6 $\frac{3}{8}$ % interest rate.

c) The long-term debt due in each of the next five years is as follows:

1978—\$6,723,668;
1979—\$11,262,205;
1980—\$12,153,214;
1981—\$7,761,755;
1982—\$10,062,226.

10. Shareholder's Equity

	1977	1976
Authorized: 110,000 common shares of no par value		
Issued and fully paid: 70,500 shares to Canada	\$6,586,080	\$6,586,080

11. Supplementary Information

a) The Company's by-laws provide for nine Directors. At December 31, 1977 the Company had nine Directors and nine Officers. Two of the Directors are also Officers.

Remuneration of Officers as Officers in 1977 totalled \$387,000 and remuneration of Directors as Directors in 1977 totalled \$31,417.

Interest bearing housing assistance loans totalling \$100,000 were granted to Officers, under the Company's policy which provides assistance to senior professional employees relocating from a lower cost to a higher cost housing area.

b) During 1977 sales commissions totalling \$411,011 were paid to Marubeni Corporation and Wambesco International bv, who have been retained as sales agents since 1960. In December 1974, the agency agreement with Wambesco was terminated, to be effective December 31, 1976. In December 1977, an agreement was reached with Wambesco to terminate all rights to commission payments on future deliveries in return for cash payments totalling \$1.25 million. The full cost of this agreement was reflected in the 1977 accounts.

c) The actuarial valuation of the Eldorado Pension Plan (1959) as of December 31, 1976 revealed a deficiency of \$5,034,740 for the Eldorado companies. The total unfunded liability is being amortized and funded over 15 years as indicated in Eldorado's accounting policies and the Pension Benefits Standards Act.

d) The Company is subject to restraint of profit margins, prices, dividends and employee compensation under the federal Anti-Inflation Act and Regulations. All aspects will be covered at least until December 31, 1978 under the phase-out guidelines.

e) Certain 1976 accounts have been reclassified for comparison purposes.

12. Contingencies

In connection with its operations, the Company is the defendant in certain pending or threatened litigations. It is the opinion of management, based on legal counsel, that these actions will not result in any significant liabilities to the Company.

Eldorado Nuclear Limited
6-Year Summary of Operations

	1977	1976	1975	1974	1973	1972
Income and Expenses (\$000)						
Sales	\$68,623	\$47,708	\$48,499	\$34,130	\$14,716	\$ 9,730
Gross profit	23,681	12,125	16,752	11,070	1,444	28
Net earnings (loss)	6,933	3,073*	9,715**	2,638	(2,942)	(3,641)
—per share	\$ 98.34	\$ 43.59	\$137.80	\$ 37.42	(\$ 41.73)	(\$ 51.64)
Balance Sheet (\$000)						
Working capital	\$66,941	\$57,639	\$69,413	\$56,529	\$62,251	\$46,131
Net property and equipment	54,940	41,113	30,663	27,577	25,219	26,271
Total assets	183,775	125,613	117,511	108,864	99,048	95,643
Long-term debt	96,414	59,272	55,640	53,045	54,763	39,466
Shareholder's equity	62,088	55,155	52,081	42,367	39,729	42,671
Capital Outlays (\$000)						
Capital expenditures	\$20,063	\$16,201	\$ 6,262	\$ 5,406	\$ 1,347	\$ 1,356
Depreciation and amortization	6,040	5,813	3,216	3,506	3,947	3,107
Financial Ratios						
Gross profit margin	34.5 %	25.4 %	34.5 %	32.4 %	9.8 %	.3 %
Return on equity	11.2 %	5.6 %	18.6 %	6.2 %	(7.4) %	(8.5) %
Return on capital employed	4.2 %	2.6 %	8.7 %	2.7 %	(3.0) %	(4.3) %
Debt to capital employed	.59	.50	.50	.54	.56	.47
Interest coverage ratio	2.7	1.8	3.8	1.7	N.A.	N.A.
Current ratio	4.4	9.7	12.5	6.3	41.8	5.2
Selected Operating Statistics						
Number of employees at year-end	1,288	1,105	910	797	750	681
Ore mined (000 tons)	256	196	168	167	204	203
U ₃ O ₈ produced (000 lbs.)	1,185	1,188	986	1,148	1,403	1,335
UF ₆ processed (000 lbs. U)	8,525	7,331	5,433	4,519	3,840	2,572
UO ₂ processed (000 lbs. U)	1,855	1,113	1,188	1,194	1,109	776

*See note 4.

**A change in the method of accounting for inventories of mine concentrates from first-in, first-out to weighted average cost caused a decrease in reported earnings for 1975 of \$4,061,158.

